



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 2379 (1951)

October 1, 1991

SUBJECT: Internal Revenue Service Offset - Tax Year 1991  
Second Screening List

TO: State Directors  
District Directors  
County Supervisors

PURPOSE/INTENDED OUTCOME: The purpose of this AN is to provide field offices with a list of delinquent borrowers who will receive FmHA Form Letter 1951-C-6 notifying them of potential IRS offset and to provide information concerning removing these borrowers from offset.

COMPARISON WITH PREVIOUS AN: FmHA AN No. 2332, dated July 26, 1991 was issued with the first IRS offset screening list.

IMPLEMENTATION RESPONSIBILITIES: Attached for servicing counties only is the list "Borrowers Sent 60-Day Due Process Notice for IRS/Credit Bureau Referral." This list was generated from the first screening list sent with FmHA AN No. 2332 (1951), dated July 26, 1991, minus any ineligible borrower deletes received at the Finance Office by September 6, 1991. The borrowers listed on this printout will receive FmHA Form Letter 1951-C-6 notifying them of FmHA's intent to refer them for IRS offset. Borrowers cannot be added to this list. A master list is attached for each State Office.

**Servicing County Offices shall:**

1. Review the list to determine if any of the borrowers fall into a category listed in Attachment 1.
2. If a borrower requests a review, promptly process that request. If, based on the review, the borrower is determined to be ineligible for offset, remove the borrower's name from the list. If the review request is determined to be without merit, the borrower will remain on the list. In either case, promptly notify the borrower of the outcome of the review. See FmHA Instruction 1951-C, sections 1951.124 and 1951.125 for further guidance on this review process.
3. If any borrower is ineligible for IRS offset due to the criteria in Attachment 1, draw a line through that borrower's name on the list. **DO NOT LINE THROUGH THE BORROWER'S CASE NUMBER.** The case number must be readable in order to delete the ineligible borrower from being submitted to IRS for offset.

EXPIRATION DATE: December 31, 1991      FILING INSTRUCTIONS: Preceding FmHA  
Instruction 1951-C



Farmers Home Administration is an Equal Opportunity Lender.  
Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250

4. Mark the appropriate ineligibility code to the left of the borrower's name. The ineligibility codes are in Attachment 1. The FO will track the reasons why borrowers are eliminated from offset.

5. Make a photocopy of this list with the lined-off borrowers and keep the copy for your files.

6. Send the original list with any deletions to the Chief, Computer Resources Branch (CRB), Mail Code FC-353C, FmHA Finance Office, 1520 Market Street, St. Louis, MO 63103. If all borrowers on the list are eligible for offset, return the unchanged list to the FO.

7. Send the list to the FO by regular mail NO LATER THAN Thursday, November 21, 1991. It can also be sent by overnight mail or faxed by Tuesday, November 26, 1991. The fax number at the FO is (314) 539-2765 or FTS 262-2765. Please, meet these deadlines. Thousands of hours are spent across the country correcting the mistakes that occur when borrowers are referred for offset when they are not eligible. If the list is received after the deadline, it cannot be processed and will be returned to your State Office.

8. During this second screening, DO NOT submit deletes by any other method than the one described in this AN.

**The State Offices shall:**

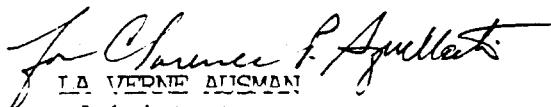
1. Ensure that their field offices comply with the requirements and deadlines established in this AN.

2. On Thursday, November 21, 1991, the FO will fax a list to State Offices of their counties that have not returned the reports with borrowers to be deleted from offset. The State Offices will follow-up with those counties and make sure that the reports are received in the FO. The State Offices will receive further instructions and deadlines on November 21st.

3. Retain the master lists for later use.

4. The State and County Office responsiveness to the requirements and deadlines for IRS offset will be noted for the State Director's annual performance goals.

If you have any questions, please call Jeanne Hudec at the National Office at (202) 382-8356 or FTS 382-8356.

  
LA VERNE AUZMAN  
Administrator

**Attachments (2)**

1. Attachment 1 - all addressees
2. Borrower lists - servicing counties only  
- master list to State Offices

ATTACHMENT 1

DELETION CODES

General Codes

- 01 Account has been referred to OGC for foreclosure and, based on the legal opinion required by FmHA Instruction 1951-C, section 1951.103(c), a collection by offset would jeopardize the litigation under State law. Existence of a foreclosure action pending flag is not a determining factor.
- 02 Account has been discharged in bankruptcy or is under the jurisdiction of a bankruptcy court and the debt has not been reaffirmed. Existence of a bankruptcy action pending flag is not a determining factor.
- 03 Account has a suspend code.
- 04 Account has been assigned to a collection agency.
- 05 Account is past due by less than \$25, or if the borrower has multiple loans, the net amount past due is less than \$25.
- 06 Borrower is a Federal employee and collection is feasible under salary offset.
- 07 Borrower was indebted to FmHA prior to entering full time active duty military service and the account is being serviced in accordance with FmHA Instruction 1950-C.
- 08 Account is current under a subject to approved adjustment (SAA).

Single Family Housing Borrowers:

Fund Codes: 36, 37, 46 and 47

- 09 Borrower has one loan and it is less than 3 monthly payments delinquent (or, if annual borrower, the equivalent of less than 3 monthly payments for annual payments past due) or more than 9 years delinquent.
- 10 Borrower has multiple loans, and the net amount past due is less than 3 monthly payments on the delinquent loans (or the equivalent of 3 monthly payments for annual payment borrowers).
- 11 Account is under a moratorium.
- 12 Account has a delinquency workout agreement in effect and payments under the agreement are current.

Farmer Program Borrowers:

Fund Codes: All fund codes less than 50 except 36, 37, 46, and 47

- 13 Borrower is a partnership or corporation and/or is identified in the accounting system by an Employer Identification Number (EIN) rather than a Social Security Number (SSN).
- 14 Account is less than 90 days past due.
- 15 Borrower has not completed all servicing options available (including appeals) at the time of offset processing and the borrower's account has not been accelerated.
- 16 If the account was accelerated prior to instituting FmHA Instruction 1951-S servicing in 1987, the borrower's loans are being serviced under FmHA Instruction 1951-S, the borrower requested a 1951-S appeal and the appeal has not been concluded.

ATTACHMENT 1

DELETION CODES

General Codes

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- 03 Account has a suspend code.
- 04 Account has been assigned to a collection agency.
- 05 Account is past due by less than \$25, or if the borrower has multiple loans, the net amount past due is less than \$25.
- 06 Borrower is a Federal employee and collection is feasible under salary offset.
- 07 Borrower was indebted to FmHA prior to entering full time active duty military service and the account is being serviced in accordance with FmHA Instruction 1950-C.
- 08 Account is current under a subject to approved adjustment (SAA).
- 17 Account is current, paid in full or otherwise satisfied.
- 18 Account has been referred to OGC for reasons other than bankruptcy or foreclosure.

Single Family Housing Borrowers:

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